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ANNUAL STATEMENT

Montgomery Ward & Co., Inc.

1918

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To STOCKHOLDERS:

We take pleasure in furnishing you a copy of the Annual Statement for the year 1918, as compiled by Arthur Young & Co., Certified Public Accountants.

In compliance with the terms of the Preferred Stock the company has added to the Sinking Fund the sum of \$200,000.00 for the purpose of retiring the Preferred Stock in accordance with the agreement under which the Preferred Stock was issued.

MONTGOMERY WARD & CO., INC.,

ROBERT J. THORNE, *Pres.*

CONDENSED STATEMENT OF EARNINGS FOR YEAR 1918

Sales	<u>\$76,166,848.31</u>
Net Profits after charging all administrative and operating expenses, including depreciation	6,390,181.29
Deduct: Preferred Stock Dividends paid during year	<u>527,615.41</u>
Net Profits after deducting Preferred Dividends	<u>\$ 5,862,565.88</u>
Reserved for 1918 War Excess Profits and Income Taxes	<u>2,000,000.00</u>
Net Profits Remaining	<u>\$ 3,862,565.88</u>

BALANCE SHEET—DECEMBER 31, 1918

ASSETS

REAL ESTATE, BUILDINGS AND EQUIPMENT:

Lands and Buildings—

Mercantile	\$7,522,606.05
Factories	<u>344,791.68</u>
	<u>\$ 7,867,397.73</u>

Machinery and Equipment—

Mercantile	\$1,342,058.85
Factories	<u>509,486.95</u>
	<u>1,851,545.80</u>
	<u>\$ 9,718,943.53</u>

CURRENT AND WORKING ASSETS:

Cash	\$ 2,618,050.28
Accounts Receivable	<u>3,405,218.00</u>

Notes Receivable—

Secured by Mortgage on Real Estate	\$ 800,000.00
Sundry	<u>110,697.31</u>

Investments

Inventories of Merchandise, Supplies, etc.—	
Mercantile	\$23,959,321.83
Factories	<u>3,142,194.04</u>

SINKING FUND DEPOSIT—PREFERRED STOCK

	<u>27,101,515.87</u>
	<u>35,068,553.52</u>
	<u>450,000.00</u>

\$45,237,497.05

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$ 6,558,480.98
Notes Payable	<u>7,492,000.00</u>
Accrued Taxes	<u>141,513.88</u>
	<u>\$14,191,994.86</u>

RESERVE FOR REAL ESTATE, BUILDINGS, ETC.

1,790,702.00

CAPITAL STOCK AND SURPLUS:

Preferred Stock, 7%, Cumulative—

Authorized	<u>\$10,000,000.00</u>
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8,000,000.00

Common Stock—

300,000 shares of no par value represented by

8,186,396.02

SURPLUS:

As at December 31, 1917	\$10,095,654.43
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Less: Common Stock Dividends Paid	\$1,575,000.00
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1917 War Excess Profits and Income Taxes Paid	<u>1,314,816.14</u>
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2,889,816.14

\$ 7,205,838.29

5,862,565.88

13,068,404.17

Made up of—

Reserved as provided in Company's Charter	\$ 2,400,000.00
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450,000.00

2,000,000.00

8,218,404.17

\$13,068,404.17

\$45,237,497.05

We have audited the books of Montgomery Ward & Company, Inc., for the year ending December 31, 1918, and submit Condensed Statement of Earnings for the year and Balance Sheet as of December 31, 1918.

The year's profits after providing for depreciation on buildings and equipment and allowing for Bad and Doubtful Accounts, but before providing for the 1918 War Excess Profits and Income Taxes, amount to \$6,390,181.29 and after deducting the Preferred Stock Dividend amount to \$5,862,565.88. Before any dividends are paid on the Common Stock out of these profits, a sum of \$300,000 must be added to Surplus and a sum equivalent to 2½% of the Issued Preferred Stock be set aside as a sinking fund to retire the Preferred Stock as provided in the Company's Charter. Inventories have been taken at cost or under. In our opinion the foregoing Balance Sheet correctly sets forth the condition of the Company as at December 31, 1918.

Chicago—January 31, 1919.

ARTHUR YOUNG & CO.,
Certified Public Accountants.

